

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

**2335 EAST ATLANTIC BLVD.
SUITE 400
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
OCTOBER 10, 2018**

The Board of Trustees convened at the Pompano Beach Police and Firefighters' Pension Office, Pompano Beach, Florida. The Chairman called the meeting to order at 3:00 PM.

PRESENT: Chairman Paul O'Connell (departed 4:50 PM)
Vice-Chairman Richard Samolewicz
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Robert Drago
Trustee Vincent Femia
Trustee Peter McGinnis
Trustee Jorge Rossi

ABSENT: Trustee David Hall

ALSO PRESENT: Robert Sugarman, Esq., Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
John Reidy, Pension Technology Group
Mark Lebovitch, Esq., BLBG (via conference call)
Hannah Ross, Esq., BLBG (via conference call)

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To amend Agenda Item No.7, Sugarman & Susskind Legal Report, to include a conference call with representatives of BLBG regarding a potential derivative action. PASSED 8-0.

O'Connell			X	
Samolewicz	X		X	
Aaronian			X	
Christophers			X	
Drago			X	
Femia			X	
McGinnis		X	X	
Rossi			X	

MOTION: To approve the October 10, 2018 agenda as presented and amended. PASSED 8-0.

O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers			X	
Drago			X	
Femia			X	
McGinnis	X		X	
Rossi		X	X	

Chairman O'Connell thanked the Trustees who were involved in the Chris Reyka Memorial Park dedication.

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<p>Board of Trustees Minutes Page Two</p> <p style="text-align: right;">October 10, 2018</p>	TRUSTEES	M	S	Y	N
<p><u>APPROVAL OF MINUTES</u></p> <p>MOTION: To waive the reading of the minutes of the Regular Board Meeting on September 17, 2018 and the Special Board Meeting on September 20, 2018, and to approve same as presented. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	
<p><u>APPROVAL OF SURVIVOR BENEFITS</u></p> <p>MOTION: To approve the application for survivor benefits from Janet Kinch, beneficiary of Retiree Howard Kinch Jr. who deceased on 9/24/2018. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	
<p><u>RATIFICATION AND APPROVAL OF WARRANTS</u></p> <p>MOTION: To ratify and approve payments of benefits and expenses as set forth on Warrant Nos. 5022, \$1,800.00; No. 5023, \$5,629.36; No. 5024, \$750.00; No. 5025, \$1,200.00; No. 5026, \$356.63; No. 5027, \$4,621.04; No. 5028, \$1,342.76; No. 5029, \$5,927.36; No. 5030 \$18,105.64. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	
<p><u>SUGARMAN & SUSSKIND, PA LEGAL REPORT</u></p> <p>The Board reviewed a proposed policy and member notification letter to increase the administrative fee for members in the self-directed DROP to cover the investment consulting fee of \$15,000/year and divide that fee among those in the self-directed DROP. State law requires that all system investments be monitored, including those in the self-directed DROP.</p> <p>This administrative fee will be assessed on a quarterly basis commencing on January 1, 2019 to those in the self-directed DROP on December 31, 2018. The fee will be divided by the number of members in the self-directed DROP on the last day of each quarter and deducted from each member's DROP account balance the first day of each following quarter. The fee does not apply to those invested in the fund rate option or to those invested in only the money market fund of the self-directed option. Members may change their form of investment option once per calendar year.</p> <p>The Board also reviewed a proposed ordinance to eliminate the DROP self-directed mutual funds with the exception of the money market fund and agreed to make no recommendation for its adoption now since this new policy complies with the permissive language of the current code.</p>					


Board of Trustees Minutes Page Three	October 10, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To adopt the policy described above regarding Administrative Fee for Self-Directed Mutual Fund Option DROP Accounts and to direct staff to circulate the notification letter and a copy of the policy to all members; and to hold the proposed ordinance amendment in abeyance as recommended by Sugarman & Suskind. PASSED 8-0.</p> <p>The Chairman will include information regarding this administrative fee in the next newsletter.</p> <p>Mr. Sugarman advised the Board that Nuance requested a consent to assignment of the investment manager agreement due to an ownership change. Graystone and Sugarman & Suskind reviewed the change and had no issue with the document.</p>		X			X X X X X X X	
<p>MOTION: To authorize the Chairman to execute the Consent to Assignment of the Advisory Relationship with Nuance Investments, LLC, as a result of their ownership change regarding Montage Investments and the Bicknell Family, as recommended by Graystone Consulting. PASSED 8-0.</p> <p>Sugarman & Suskind provided the names of three proxy voting service companies to the Executive Director who requested information and price quotes. The quotes are based on approximately 200 stocks within six separately managed accounts, and includes the DROP mutual funds.</p>		X			X X X X X X X	
<p>ProxyVote Plus - \$ 9,000/year Segal Marco - \$12,000/year ISS - No Response</p>				X		
<p>Presently, the Board does not vote proxy ballots unless a Trustee has specific knowledge of the matter(s) according to the default policy. The investment managers vote the proxies for the separately managed equity portfolios according to the Board's proxy voting guidelines. The managers are not generally aware of any special interests the Board may have on particular issues.</p>						
<p>A proxy voting firm would vote the proxy ballots according to the best interests and concerns of the Plan. This could be beneficial in terms of corporate governance and issues affecting police and firefighters.</p>						
<p>The Board discussed the pros and cons of hiring a proxy voting firm and agreed it would be beneficial to invite both firms to make a presentation to provide more insight regarding the service they provide. The Executive Director will reach out to both firms to confirm availability for the January meeting.</p>						

Board of Trustees Minutes Page Four	October 10, 2018	TRUSTEES	M	S	Y	N
<p>Mr. Poole's legal counsel requested a 15-day extension of the deadline for their Reply Brief and Sugarman & Susskind recommended that the Chairman grant it as a courtesy.</p> <p>MOTION: To ratify the Chairman's approval of a 15-day extension for the Reply Brief in the Jeff Poole appeal matter, as recommended by Sugarman & Susskind. PASSED 8-0.</p> <p>Sugarman & Susskind filed a motion to recover attorney fees in the Poole case. If the motion is granted it will give the Board the right to pursue the fees.</p> <p>Sugarman & Susskind reviewed the Fifth Amendment to the Office Lease Agreement and found it acceptable to execute.</p> <p>In response to their interest in a potential demand for inspection of the books and records of Pacific Gas & Electric Corporation (PG&E), a conference call was conducted with Mark Lebovitch, Esq. and Hannah Ross, Esq., of Bernstein, Litowitz, Berger & Grossmann, LLP (BLBG), one of the Board's securities monitoring firms.</p> <p>Mr. Lebovitch explained that the purpose of the inspection demand is to evaluate whether the PG&E Board of Directors and certain senior executives may have breached their fiduciary duties by failing to properly oversee the company's safety and risk management functions, including policies, practices and procedures to mitigate the risk of catastrophic wildfires caused by PG&E's electrical power and distribution lines. The wildfires in northern California last year brought this issue to the forefront and has put PG&E in the spotlight for the damage it has caused.</p> <p>Under California law, there is a statutory demand that can assist shareholders in obtaining accurate and complete information concerning PG&E; and in investigating potential mismanagement and breaches of fiduciary duty. If a review of the documents proves their concerns, then BLBG would recommend filing a shareholder derivative lawsuit.</p> <p>There was a suit filed in federal court by their client, Oklahoma Firefighters Retirement System, and BLBG believes that the PBPFRS would be a complementary shared plaintiff.</p> <p>Mr. Lebovitch advised that the Board would have to become a registered holder directly on PG&E's books and recommended retaining a minimum of 100 shares to be held for the length of the demand process and any subsequent litigation.</p> <p>BLBG advised that there is no cost to the Board. If there is meritorious derivative case that results in a benefit to the shareholders, then the company or its insurer would pay the attorney fees and expenses subject to court approval.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	<p>X X X X X X X</p>	

Board of Trustees Minutes Page Five	October 10, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To authorize Bernstein Litowitz Berger & Grossmann to file a books and records demand against PG&E, file a writ if necessary to enforce the demand, and to retain a minimum 100 shares be set aside in record ownership for the length of the process and any subsequent litigation, as recommended by BLBG. PASSED 5-3.</p> <p>Mr. Sugarman advised that two representatives of Sugarman & Susskind will be speaking at the upcoming DOR School, November 14-16, in Orlando. Ms. Tocarchick was invited to speak about administrative issues.</p>					X X X X X X	X X X
<u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u>						
<p>The Executive Director submitted the Police Share Plan Allocation as of 9/30/2018 for approval. The Board concurred in the Director's interpretation of paragraph five of the policy that interest earnings will not be applied to the active/DROP member's share plan accounts until 9/30/2019 based on their balances at 9/30/2018.</p>						
<p>MOTION: To approve the Police Officers' Share Plan Allocation as of 9/30/2018, as presented. PASSED 8-0.</p>			X	X	X X X X X X X	
<p>The Board discussed the proposed 2019 meeting calendar and agreed to modify the September and December meeting dates.</p>						
<p>MOTION: To approve the 2019 meeting calendar as amended during discussion. PASSED 8-0.</p>		X		X	X X X X X X X	
<p>MOTION: To authorize the Chairman to execute the Fifth Amendment to Office Lease Agreement effective October 1, 2019 through September 30, 2024 between G&C Platinum 2500 Investors, LLC and Pompano Beach Police & Firefighters Retirement System as recommended by the Executive Director and Sugarman & Susskind. PASSED 8-0.</p>		X	X		X X X X X X X	

<p>Board of Trustees Minutes Page Six</p> <p style="text-align: right;">October 10, 2018</p> <p><u>COMMITTEE REPORTS</u></p> <p><i>Investment Committee:</i> Committee Chairman Aaronian reported that a proxy ballot was received for the Northern Funds Small Cap Value DROP mutual fund. The Board agreed by consensus to not vote according to the default policy.</p> <p><i>Communications Committee:</i> Committee Chairman Rossi reported that the ESS Portal demo would be conducted at the end of the meeting.</p> <p>No other Committee Reports were rendered.</p> <p><u>EXECUTIVE DIRECTOR'S REPORT</u></p> <ul style="list-style-type: none"> ➤ The Chairman, Executive Director and actuary met with the City Manager and officials on September 18. The City did not object to the amortization and discount rate changes adopted by the Board and effective with the 10/1/2018 valuation. The valuation data was submitted to the actuary on October 9. ➤ Records were provided on September 21 in response to the Adam Burns v. Andrea Wolfson records subpoena. ➤ Staff has requested that the unauthorized September 1 pension payment to deceased retiree, Randall Cobb, be returned by Mr. Cobb's ex-wife and power of attorney. If it is not returned within a reasonable amount of time, then a legal demand letter will be sent. ➤ A Collateral Recovery Update for the Madoff Victim Fund was certified on September 26. ➤ An update on affected members in the BSO Arbitration Ruling was distributed. Staff is awaiting further information from BSO. ➤ Mitch Grossman's IME is rescheduled for October 16 with a new doctor. Still evaluating other options for IME providers. ➤ Still awaiting the final paperwork from Alerus to effect the four mutual fund changes made by the Board. The process was slowed down due to the ticker identified for the Vanguard Small Cap Index fund requiring a \$5 million minimum. Graystone corrected the ticker and Alerus is preparing the Fund Notification materials for the members. <p>The Executive Director asked the Board whether it wanted to perform a full RFP for legal services or just a fee comparison in accordance with the Service Provider Review policy.</p> <p>MOTION: To prepare a full RFP for Legal Services to be submitted for Board review and approval at the next Board meeting. PASSED 7-1.</p>	TRUSTEES	M	S	Y	N
	O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi	X	X	X X X X X X	X

Board of Trustees Minutes Page Seven	October 10, 2018	TRUSTEES	M	S	Y	N
<p><u>ESS Portal Demonstration</u></p> <p>Mr. Reidy of Pension Technology Group performed a demonstration of their ESS (Employee Self Service) portal. The ESS portal would be an added feature to the Plan's pension administration system accessible to the members from the Plan's website.</p> <p>Mr. Reidy reviewed the features of the portal pointing out the different incentives for both the active members and retirees. Members would have self-service options for account information, access to forms, verification letters, a pension calculator, etc. The Board decides the level of information it wishes to make available on the portal and members would have on-line access to only their own account information. The data is generated from the pension administration system and is hosted and protected by Rackspace's managed security division which is a SOC II certified facility.</p> <p>Mr. Reidy answered questions about his company noting that he started the company in 2005 and currently has over 100 public sector clients in seven states. Approximately seventy clients utilize the EE self-service tool. All of their clients, with the exception of one, has a public safety entity as part of it. Total members serviced are approximately 500,000.</p> <p>The company has 20 employees who are from large actuary firms. Public employee pension administration is their only line of business. They utilize open source code and are not relying on the upgrade path of a software vendor. The source code is in escrow with Iron Mountain.</p> <p>In 2019, they will be integrating the functionality to download an application into a cell phone and select the retirement system.</p> <p>If the ESS portal is purchased, there would be no recurring maintenance fees. Maintenance fees are covered under the existing pension administration system agreement. There would be a one-time implementation cost of \$25,000. DocuSign would be an additional cost of \$5,000.</p> <p>A video can be placed on the website to instruct members on how to use the portal.</p> <p>Mr. Sugarman recommended that appropriate disclaimers be included on any portal generated documents.</p> <p>The Board discussed the functionality of Docu-Sign and agreed that it would not serve to solve a problem. It is preferable to rely on a notarized form than to have to later prove that a member actually signed a beneficiary designation via Docu-sign. Docu-Sign could be added at a later date if it is determined that it would be an appropriate use of technology.</p> <p>The Board discussed whether the product could be purchased by another vendor at a lower price. One concern this presents is that the vendor</p>						

Board of Trustees Minutes Page Eight	October 10, 2018	TRUSTEES	M	S	Y	N
<p>would need to access the secure member data via the pension administration system.</p> <p>After much discussion, the Board directed staff to work together to evaluate the system and present a framework for what they would like to see and whether it can be purchased at a price that meets their needs.</p> <p>MOTION: To recommend to the Board the purchase and implementation of the ESS Portal contingent upon staff and Pension Technology Group mutually agreeing on the system parameters and price. PASSED 7-0.</p>						
<p><u>ADJOURNMENT</u></p> <p>MOTION: To adjourn the October 10, 2018 meeting at 5:41 PM. PASSED 7-0.</p>						
<p>Respectfully submitted,</p> <p></p> <p>Debra Tocarchick, CEBS Executive Director</p> <p><u>DISTRIBUTION:</u> Board of Trustees Robert A. Sugarman, Esq. Pedro Herrera, Esq. Tayt Odom, Actuary City Manager Mayor and City Commission City Clerk Assistant City Attorney City HR Director President IAFF Local 1549 Marcum</p>						

REGULAR MEETING – OCTOBER 10, 2018

ITEM NO. 6 - WARRANT NOS. 5022 THROUGH 5030

Ratified and Approved on 10/10/2018

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5022	Economic Computers	Inv No. 4348, 9/1/18, Cloud Backup Services 10/1/2018 – 10/1/2019; \$1,800.00	1,800.00
5023	Douglas Henry	Normal Retirement benefit commencing 11/1/2018 as a result of reaching end of DROP period on 10/1/2018; \$5,629.36	5,629.36
5024	Mishkel Heart & Vascular Center	Independent medical examination prepayment fee for Mitchell Grossman; \$750.00	750.00
5025	9463 Foundation for Florida's Fallen Officers	Donation for Florida's Fallen Officers Fund; \$1,200.00	1,200.00
5026	Janet S. Kinch	Survivor benefits commencing 10/1/2018 under 50% joint & survivor option to designated beneficiary of recipient Howard M. Kinch Jr, who died 9/24/18; \$356.63	356.63
5027	Xerox Corporation Florida U.C. Fund Office Depot Marcum LLP	Inv No. 094616440, September lease, \$172.94; excess print charges, \$24.40; Total \$197.34 Reemployment taxes quarter ending 9/30/2018; \$52.28 Inv No. 211308434001, Office supplies; \$100.42 Inv. No. 101233240; progress audit billing for 9/30/2018; \$4,271.00	4,621.04
5028	Robert Drago Maureen Femia Debra Tocarchick Sharra Aaronian	FPPTA Fall School expense reimbursement; \$200.59 FPPTA Fall School expense reimbursement; \$221.70 FPPTA Fall School expense reimbursement; \$117.66 FPPTA Fall School expense reimbursement; \$802.81	1,342.76
5029	Bank of America	Debra Tocarchick: Subscription (cloud backup service); \$1,152.00, FPPTA Fall School expense; \$705.22, Telephone & internet; \$295.09, Board meeting supplies, \$180.39, Mail courier; \$40.80, Total \$2,373.50 Maureen Femia: FPPTA Fall School expense; \$597.00, Board meeting supplies; \$25.55, Total \$622.55 Paul O'Connell: FPPTA Fall School expense; \$620.51, FPPTA NYSE 2019 hotel deposit; \$300.70, Business lunch; \$120.70, Total \$1,041.91 Robert Drago: FPPTA Fall School expense; \$597.00 Richard Samolewicz: Public Funds Forum expense; \$1,292.40	5,927.36
5030	Standish Mellon Sugarman & Susskind	Investment mgmt fee qtr ended 9/30/2018; \$16,425.64 Inv No. 132314, R. Sandell interpleader; \$1,680.00	18,105.64